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Olympic Steel Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We will take our first question from Michelle Applebaum with FMI Research (ph). Please go ahead.

Michelle Applebaum - Michelle Applebaum Research

Hi.

David Wolfort

Hi Michelle.

Michelle Applebaum - Michelle Applebaum Research

You beat (ph) my number. Okay. Some of the -- there's a lot of static on the line; I couldn't hear everything in the presentation. So I had a couple of questions, you may have gone through some of this and I apologize for that.

David Wolfort

Okay. Go ahead.

Michelle Applebaum - Michelle Applebaum Research

First liquidity covenants they're kind of soft (ph), can you put that to rest?

Michael Siegal

The rest I didn't know it was an issue. But we have no covenant violations and at least 85, 80 almost \$90 million liquidity availability, if we do not reduce the working capital which we expect to do. There's plenty of liquidity and no covenant violation.

Michelle Applebaum - Michelle Applebaum Research

Okay. My question was and I apologize, it wasn't clear. On a go forward basis at the rate of performance that the company showed in the fourth quarter, there when would you get into covenant problems et cetera?

Richard Marabito

Michelle this is Rick. We are -- if you look at our covenants we basically have a three or four financial covenants. One is a liability to equity covenant, we have tons of room there. I couldn't imagine even getting closer to that one. We have a rolling fourth quarter interest coverage task which, as you can see at our interest levels as big charges were very low. So, I don't anticipate even at these run rates we can go quarters without having even -- have a concern there. And, then we have a minimum availability requirement under our loan agreement and same there as Michael said, we don't envision being bumping up into that one. So, as we look out at 2009, covenants are not an issue for Olympic.

Michelle Applebaum - Michelle Applebaum Research

So you can go on at this run rate, into perpetuity no covenant problems?

Richard Marabito

That's our expectation.

Michelle Applebaum - Michelle Applebaum Research

Okay. Then, my next question is, in terms of what's going on in the credit markets in general, and impact on the steel industry. You got competitors who are clearly having liquidity issues. A; does that -- what does that do to the marketplace, B; does that present a market share opportunity for you, C; does that protect -- present a potential growth opportunity for you, to step in where someone else is having a problem?

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